

Geophonic Networks, Inc.

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November 2, 2001

Frances L. Smith, Esq.
Secretary
Board of Public Utilities
Two Gateway Center
Newark, New Jersey 07102

Re: I/M/O the Provision of Basic Generation Service
pursuant to the Electric Discount and Energy
Competition Act, N.J.S.A. 48:3-49 et. seq.
Docket No. EX01050303

Dear Secretary Smith:

On October 4, 2001 the Board of Public Utilities held a public hearing (the "Hearing") in regard to a proposal filed jointly on June 29, 2001, by all four New Jersey electric distribution companies ("EDCs") including the EDC Proposal Objectives (Part I) and the EDC Proposal (Part II) (together the "EDC Filing"). The subject matter in the EDC Filing refers to an auction process by means of which the EDCs, on behalf of certain of their end user customers (i.e., those who have not selected an alternative supplier under EDECA), would procure the electric power supply required to serve the needs of such customers.

We appeared at the hearing and informed the Board that the United States Patent and Trademark Office issued U.S. Patent No. 6,047,274 on April 4, 2000 to Geophonic Networks, Inc. (copy of cover page attached). At this hearing we distributed copies of the patent to the Board and its staff and members of the public in attendance. We made an oral statement at the hearing to the effect that we had reviewed the EDC Filing with our patent counsel and had concluded that the auction contemplated in the EDC Filing, if implemented, would fall within the scope of the claims of this patent. We suggested to the Board that the Board and the EDCs review Patent No. 6,047,274 with their respective patent counsel before the Board takes any

final action on the EDC Filing. We also advised the Board that we were ready and willing to discuss this matter further at any time.

To date, we have not received any indication from either the Board or the EDCs that they wish to discuss this matter further with us. Nonetheless, Geophonic stands ready and will to sit down at the Board's convenience with representatives of the Board and/or the EDCs to explore this issue. Further, Geophonic is willing to grant a license under this patent, at a modest and mutually agreeable license fee, to the EDCs (and/or the Board) in order to permit them to implement the auction process contemplated in the EDC Filing.

We again suggest that the Board and/or the EDCs contact us to discuss this matter further, before the Board takes any final action on the EDC Filing.

Very truly yours,

A handwritten signature in black ink, appearing to read "Jack J. Johnson", written in a cursive style.

Jack J. Johnson
President

Attachment

cc: BGS Service List



US006047274A

United States Patent [19]

[11] Patent Number: 6,047,274

Johnson et al.

[45] Date of Patent: Apr. 4, 2000

[54] BIDDING FOR ENERGY SUPPLY

[75] Inventors: Jack J. Johnson; William F. Coyle,
both of Summit, N.J.[73] Assignee: Geophonic Networks, Inc., Summit,
N.J.

[21] Appl. No.: 09/023,968

[22] Filed: Feb. 13, 1998

Related U.S. Application Data

[60] Provisional application No. 60/039,041, Feb. 24, 1997, and
provisional application No. 60/064,421, Oct. 30, 1997.[51] Int. Cl.⁷ G06F 17/60[52] U.S. Cl. 705/412; 705/400; 705/10;
379/112; 379/115[58] Field of Search 705/412, 10, 400;
379/112, 115

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English, LLP

[57] ABSTRACT

An auction service is provided that stimulates competition between energy suppliers (i.e., electric power or natural gas). A bidding moderator (Moderator) receives bids from the competing suppliers of the rate each is willing to charge to particular end users for estimated quantities of electric power or gas supply (separate auctions). Each supplier receives competing bids from the Moderator and has the opportunity to adjust its own bids down or up, depending on whether it wants to encourage or discourage additional energy delivery commitments in a particular geographic area or to a particular customer group. Each supplier's bids can also be changed to reflect each supplier's capacity utilization. Appropriate billing arrangements are also disclosed.

44 Claims, 16 Drawing Sheets

